

AMENDED IN ASSEMBLY MARCH 18, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 511

Introduced by Assembly Member Pan

February 20, 2013

An act to add and repeal Article 12 (commencing with Section 18830) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 511, as amended, Pan. Income taxes: voluntary contributions: American Red Cross, *California Chapters* Fund.

The Personal Income Tax Law authorizes taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would authorize taxpayers to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the American Red Cross, *California Chapters* Fund, which is created by this bill. This bill would require that all moneys contributed to the fund pursuant to these provisions, upon appropriation by the Legislature, be allocated to the Franchise Tax Board and the Controller for reimbursement and to the American Red Cross, *California Chapters* for ~~disaster relief~~ *planning for the implementation of programs to assist in disaster preparedness and response throughout the state and for the cost of administering those programs, as prescribed. This bill also would require a plan for the use of these contributions to be submitted to the Office of Emergency Services, as provided.*

This bill would provide that these voluntary contribution provisions are inoperative and repealed on the earlier of the following: inoperative on January 1 of the 5th taxable year following the taxable year the fund

first appears on the tax return and repealed on December 1 of that taxable year or inoperative for taxable years beginning on or after January 1 of the calendar year in which the Franchise Tax Board estimates by September 1 that the contributions made on returns filed in that calendar year will be less than \$250,000, or an adjusted amount for subsequent taxable years, and are repealed on December 1 of that calendar year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 12 (commencing with Section 18830) is
2 added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and
3 Taxation Code, to read:

4
5 Article 12. American Red Cross, *California Chapters* Fund
6

7 18830. (a) An individual may designate on the tax return that
8 a contribution in excess of tax liability, if any, be made to the
9 American Red Cross, *California Chapters* Fund established by
10 Section 18831.

11 (b) A contribution shall be in a full dollar amount and may be
12 made individually by each signatory on a joint return.

13 (c) A designation made under subdivision (a) shall be made for
14 any taxable year on the original return for that taxable year, and
15 once made shall be irrevocable. In the event that payments and
16 credits reported on the return, together with any other credits
17 associated with the taxpayer's account do not exceed the taxpayer's
18 tax liability, if any, the return shall be treated as though no
19 designation had been made. In the event that no designee is
20 specified, the contribution shall, after reimbursement of the direct
21 actual costs of the Franchise Tax Board for the collection and
22 administration of funds under this article, be transferred to the
23 General Fund.

24 (d) If an individual designates a contribution to more than one
25 account or fund listed on the tax return, and the amount available
26 is insufficient to satisfy the total amount designated, the
27 contribution shall be allocated among the designated accounts on
28 a pro rata basis.

(e) The Franchise Tax Board shall revise the form of the return to include a space labeled the “American Red Cross, *California Chapters* Fund” to allow for the designation permitted under subdivision (a). The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used by the American Red Cross to fund disaster relief. *Chapters of California for planning for the implementation of programs to assist in disaster preparedness and response throughout the state and for the cost of administering those programs. The American Red Cross Capital Region Chapter, on behalf of the American Red Cross Chapters of California, shall submit to the Office of Emergency Services within 60 days of receiving the taxpayer check off funds from the Controller, a plan for the use of the contributions received under the act.*

(f) Notwithstanding any other provision, a voluntary contribution designation for the American Red Cross, *California Chapters* Fund shall not be added on the tax return until another voluntary contribution designation is removed.

(g) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18831. There is hereby established in the State Treasury the American Red Cross, *California Chapters* Fund to receive contributions made pursuant to Section 18830. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18830 to be transferred to the American Red Cross, *California Chapters* Fund. The Controller shall transfer from the Personal Income Tax Fund to the American Red Cross, *California Chapters* Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18830 for payment into that fund.

18832. All money transferred to the American Red Cross, *California Chapters* Fund, upon appropriation by the Legislature, shall be allocated as follows:

(a) To the Franchise Tax Board and the Controller only for reimbursement of all costs incurred by the Franchise Tax Board and the Controller in connection with their duties under this article.

1 (b) To the American Red Cross, *California Chapters*, for the
2 ~~purpose of funding disaster relief~~; *purposes set forth in Section*
3 *18830*.

4 18833. (a) Except as otherwise provided in paragraph (2) of
5 subdivision (b), this article shall remain in effect only until January
6 1 of the fifth taxable year following the first appearance of the
7 American Red Cross, *California Chapters* Fund on the personal
8 income tax return, and is repealed as of December 1 of that taxable
9 year.

10 (b) (1) By September 1 of the second calendar year and each
11 subsequent calendar year that the American Red Cross, *California*
12 *Chapters* Fund appears on the tax return, the Franchise Tax Board
13 shall do all of the following:

14 (A) Determine the minimum contribution amount required to
15 be received during the next calendar year for the fund to appear
16 on the tax return for the taxable year that includes that next calendar
17 year.

18 (B) Determine whether the amount of contributions estimated
19 to be received during the calendar year will equal or exceed the
20 minimum contribution amount determined by the Franchise Tax
21 Board for the calendar year pursuant to subparagraph (A). The
22 Franchise Tax Board shall estimate the amount of contributions
23 to be received by using the actual amounts received and an estimate
24 of the contributions that will be received by the end of that calendar
25 year.

26 (2) If the Franchise Tax Board determines that the amount of
27 the contributions estimated to be received during a calendar year
28 will not at least equal the minimum contribution amount for the
29 calendar year, this article is inoperative with respect to taxable
30 years beginning on or after January 1 of that calendar year, and
31 shall be repealed on December 1 of that calendar year.

32 (3) For purposes of this section, the minimum contribution
33 amount for a calendar year means two hundred fifty thousand
34 dollars (\$250,000) for the second calendar year after the first
35 appearance of the American Red Cross, *California Chapters* Fund
36 on the personal income tax return or the adjusted minimum
37 contribution amount adjusted pursuant to subdivision (c).

38 (c) For each calendar year, beginning with the third calendar
39 year after the first appearance of the American Red Cross,
40 *California Chapters* Fund on the personal income tax return, the

1 Franchise Tax Board shall adjust, on or before September 1 of that
2 calendar year, the minimum contribution amount specified in
3 subdivision (b) as follows:

4 (1) The minimum estimated contribution amount for the calendar
5 year shall be an amount equal to the product of the minimum
6 estimated contribution amount for the calendar year multiplied by
7 the inflation factor adjustment as specified in subparagraph (A) of
8 paragraph (2) of subdivision (h) of Section 17041, rounded off to
9 the nearest dollar.

10 (2) The inflation factor adjustment used for the calendar year
11 shall be based on the figures for the percentage change in the
12 California Consumer Price Index for all items received on or before
13 August 1 of the calendar year pursuant to paragraph (1) of
14 subdivision (h) of Section 17041.

15 (d) Notwithstanding the repeal of this article, any contribution
16 amounts designated pursuant to this article prior to its repeal shall
17 continue to be transferred and disbursed in accordance with this
18 article as in effect immediately prior to that repeal.